

4 March 1955


MEMORANDUM

Subject: Summary of CIA Activities in Economic Defense

CIA also produces and coordinates intelligence in support of the U.S. economic defense program. The Office of Research and Reports chairs the Economic Defense Intelligence Committee of the IAC which serves as the focal point of U.S. intelligence support to the Economic Defense Advisory Committee. In this manner, and by maintaining membership on EDAC and its Executive Committee, CIA insures that intelligence on particular aspects of this program is provided by those most competent in this field. We provide most of the economic intelligence on the Soviet bloc required in evaluating the strategic importance of controlled items to the Soviet war potential. The last major exercise of this nature occurred in the spring of 1954 when, in concert with the 14 other nations comprising the Coordinating Committee (COCOM) in Paris, major revisions were made in the international control lists. Currently, negotiations with these nations are in progress to minimize Soviet bloc acquisition of strategic goods from the Free World by reason of the differential controls now in effect against the European Soviet bloc and Communist China.

Under the current NSC directive on economic defense which emphasizes enforcement of controls, CIA has given even greater attention to utilizing intelligence to prevent circumvention of controls. This is accomplished principally through membership on the Diversion Control Net (DCN) and the Administrative Action Panel (AAP). Through the DCN mechanism, intelligence on diversions of strategic commodities is provided to action agencies.

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Research and current support is also devoted to other facets of the economic defense program - analysis of the implications and significance of Soviet trade tactics, effectiveness of bunker and shipping controls as applied to the Soviet bloc, and related matters.

Only through continuous and timely analysis of information from all sources can this support be made fully effective. No priority has been allocated by the IAC to collection of economic defense intelligence and the staff providing this support in CIA has been reduced to a minimum level. Because of competence and high motivation, however, this staff has been able to handle matters of priority concern.

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